

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

New England Power Company

Docket No. ER06-1192-000

ORDER ACCEPTING AMENDMENTS TO REMVEC II AGREEMENT

(Issued August 29, 2006)

1. On June 30, 2006, New England Power Company (NEPCO), on behalf of the Rhode Island, Eastern Massachusetts, Vermont Energy Control (REMVEC), filed amendments to the REMVEC II Agreement (Agreement), designated as NEPCO Rate Schedule FERC No. 484. In this order, the Commission accepts the filing without modification, effective July 1, 2006.

**Background**

2. REMVEC was originally established in 1977 as a non-profit central dispatch office and satellite dispatching center designed to foster regional reliability and economy through central dispatch and coordinated operation and maintenance of the electric generation and transmission facilities of its participants. REMVEC II was established in 1996 under the Agreement which was accepted by letter order dated April 10, 1997 in Docket No. ER97-855. Currently, REMVEC II operates as a Local Control Center (LCC) to ISO New England, Inc. (ISO-NE).

3. By letter dated June 20, 2003, Boston Edison Company, Cambridge Electric Light Company, Canal Electric Company, and Commonwealth Electric Company (collectively NSTAR) served a notice of termination to NEPCO. The notice indicated that NSTAR would terminate its participation in REMVEC II, effective June 30, 2006. NSTAR's notice was served in compliance with the Agreement, which allows for termination by a party in REMVEC II provided that a written notice of the termination is given at least three years in advance of the termination date. However, NSTAR, which will establish its own LCC that will report directly to ISO-NE, was unable to become operational by the June 30, 2006 termination of its participation in REMVEC II.

4. On June 30, 2006, NEPCO submitted the amendments to the Agreement to extend NSTAR's participation in REMVEC II for up to 17 additional months, to December 1, 2007, in order for NSTAR to establish its own LCC and transfer its operations. NSTAR

estimates that this amount of time will be more than sufficient, as it intends to transfer its operations to the new LCC by June 2007. The amendments also provide incentives to NSTAR to transfer its operations on a timely basis, implement reporting requirements, and include NSTAR in a North American Electric Reliability Council readiness audit for REMVEC II.

### **Notice of Filing and Responsive Pleadings**

5. Notice of NEPCO's June 30, 2006 filing was published in the *Federal Register*, 71 Fed. Reg. 40,486 (2006), with interventions and protests due on or before July 21, 2006. New England Power Generators Association, Inc. (NEPGA) filed a timely motion to intervene and comments.<sup>1</sup> ISO-NE filed a motion to intervene out-of-time and an answer to NEPGA's comments. NEPCO also filed an answer to NEPGA's comments.

6. In its comments, NEPGA states that it does not oppose the instant filing. However, NEPGA is concerned that REMVEC II in its capacity as an LLC can request ISO-NE to designate third party generating units within its members' service areas, such as resources owned and operated by NEPGA members, as reliability units for purposes of ISO-NE dispatch. NEPGA notes that there is no provision in the Agreement that provides any standards for designating units for reliability purposes.

7. NEPGA is also concerned about how ISO-NE exercises its oversight powers to ensure that the requests of the LCCs are made strictly for reliability purposes and not for price management, *i.e.*, to preclude designated resources from setting the market clearing price or to displace other higher-priced generation that would have set the clearing price absent the LCC designation. NEPGA is also concerned that ISO-NE and REMVEC II do not make information available publicly regarding LCC requests for reliability. NEPGA admits that it has no specific basis to state whether LCC dispatch requests have inappropriately affected energy prices and will not make any such charges without evidence. Nevertheless, NEPGA remains concerned about the lack of transparency in the process. NEPGA states that it does not have access to the records maintained by ISO-NE or REMVEC II.

8. NEPGA suggests the Commission require that REMVEC II and any newly formed LCC establish clear standards for when they will designate generating units for reliability. NEPGA also asserts that the Commission should require ISO-NE to establish new tariff provisions for monitoring and reporting such LCC designations and their impact on competitive markets.

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<sup>1</sup> NEPGA's comments are being treated as a protest.

**Discussion****A. Procedural Matters**

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>2</sup> the timely, unopposed motion to intervene filed by NEPGA serves to make it a party to this proceeding. Due to the early stage of the proceeding and the lack of prejudice to the other parties, we will accept ISO-NE's out-of-time intervention.

10. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2006), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept ISO-NE's and NEPCO's answers to NEPGA's protest and, therefore, will reject them.

**B. Commission Determination**

11. The concerns NEPGA raises are outside the scope of this proceeding. The stated purpose of NEPCO's filing is to modify REMVEC II to recognize the notice of termination submitted by NSTAR and to permit NSTAR to continue service for up to 17 additional months, subject to certain conditions. NEPGA states that it does not oppose the filing. Rather, NEPGA's concerns have to do with other aspects of the Agreement, such as how ISO-NE exercises oversight powers. NEPCO's filing here is not the proper proceeding for consideration of such concerns.

12. Moreover, the Commission has already addressed the issues NEPGA raises. Specifically, in *New England Power Pool*,<sup>3</sup> the Commission encouraged parties to explore these issues through the NEPOOL stakeholder process. In that order, the Commission accepted ISO-NE's currently effective method of monitoring and auditing LCCs. In that proceeding, Exelon Generating Company and Exelon New England Holdings, LLC (Exelon) (now a member of NEPGA) objected to ISO-NE's method of monitoring and auditing LCCs. The Commission rejected Exelon's concerns because Exelon did not provide evidence that ISO-NE's rules had been ineffective. Further, the Commission encouraged Exelon to address the issue in the New England stakeholder process. Similarly, to the extent that NEPGA has concerns, it can raise them through the stakeholder process.

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<sup>2</sup> 18 C.F.R. § 385.214 (2006).

<sup>3</sup> *New England Power Pool*, 102 FERC ¶ 61,112 (2003).

13. Therefore, the Commission will not impose conditions on REMVEC II and ISO-NE in this proceeding. Accordingly, the Commission will accept NEPCO's filing without modification.

The Commission orders:

NEPCO's amendments to the REMVEC II Agreement are accepted, effective July 1, 2006.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.